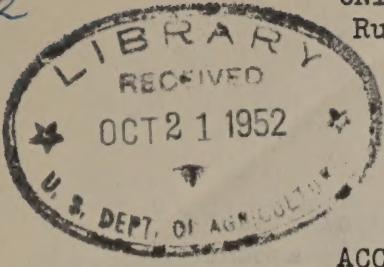


1.933
FC 72
Cop. 2



UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Washington 25, D. C.

AA 301

February 1, 1952

ACCOUNTING AND AUDITING MEMORANDUM 301

SUBJECT: Advancing of Funds for Distribution Type Borrowers for Materials and Equipment

Under the provisions of Administrative Bulletin No. 119-R1, certain changes in the procedure for purchasing materials and equipment by REA borrowers have been made. These changes, which affect electric distribution type borrowers, are outlined in Engineering Memorandum No. 170-R2.

This memorandum is for the purpose of outlining procedures for the encumbering and advancing of funds for materials and equipment.

1. Materials for Project (Major) Construction

Funds for materials including transformers and automatic circuit reclosers to be used in project (major) construction will be encumbered in the budget on the basis of materials contracts or purchase orders. Funds will be advanced upon request of the borrower to the limits of funds encumbered.

2. Materials for Minor Construction Reported by Work Order Inventories

Funds will be established in the budgets for transformers required for minor construction reported by work orders, in the amount provided in the loans. Submission to REA of purchase orders or contracts for transformers will no longer be necessary. Funds will be advanced at the request of the borrower to the limits of the budgets established for this purpose. Funds for other materials, including automatic circuit reclosers, but not meters, used in this type of construction will be advanced on the basis of approved work orders.

3. Meters

Funds will be established in the budget for meters to be used for both major and minor construction in the amount provided in the loans. Submission to REA of contracts or purchase orders for this equipment will not be necessary. Funds will be advanced at the request of the borrower to the limit of the budget established.

4. General Plant Equipment

Funds will be established in the budget for general plant equipment, except for specialized equipment, in the amount provided in the loans. Submission to REA of plant procurement or purchase orders for such equipment will no longer be necessary. Proposals to purchase and formal bids or informal quotations on specialized equipment, such as radio, telephone and carrier communication, must have prior REA approval before funds can be advanced for such equipment. Funds will be advanced at the request of the borrowers to the limit of the budget established.

Leslie S. Burman
Chief, Accounting and
Auditing Division